

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CTME-00 CAB-02 CIAE-00 COME-00
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R 251113Z MAY 78

FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 8203

INFO AMEMBASSY BONN

AMEMBASSY MOSCOW

AMEMBASSY ROME

USMISSION USNATO

USDOCOSOUTH NAPLES IT

USCINCEUR VAIHINGEN GE

CINCUSNAVEUR LONDON ENG

CINCUSAFE LINDSEY AS GER

DIA WASHDC

AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 01 OF 02 VALLETTA 01436

E.O. 11652: GDS

TAGS: EAIR, EWWT, PEPR, MT, UR

SUBJECT: INTENSIFIED SOVIET COMMERCIAL ACTIVITY WITH

- MALTA

REFS: A) VALLETTA 0894, DTG 121121Z APR 78,(NOTAL)

- B) 77 VALLETTA 1462, DTG 160958Z DEC 77 (NOTAL),

- C) 77 VALLETTA 1442, DTG 120915Z DEC 77 (NOTAL)

1. RECENT VISITS TO MALTA BY DELEGATIONS REPRESENTING SOVINFLOT, THE RUSSIAN CENTRAL SHIPPING ORGANIZATION, AND AEROFLOT, AS WELL AS THE PROMISED VISIT OF A SEVEN-MAN SOVIET MINISTERIAL DELEGATION TO MALTA BEGINNING
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MAY 31, INDICATE INCREASED SOVIET INTEREST IN EXPANDING COMMERCIAL RELATIONS WITH MALTA. A MALTA/SOVIET AIR AGREEMENT SIGNED ON MAY 19 PROVIDES FOR MOSCOW/MALTA AEROFLOT SERVICE STARTING IN NOVEMBER, 1978. SOVINFLOT AND SEA MALTA ARE CLOSE TO WORKING OUT AN AGREEMENT ALLOWING RESUMPTION OF REGULAR SHIPPING OPERATIONS TO MALTA BY THE RINELA CONTAINER LINE AND THE BLACK SEA

STEAMSHIP COMPANY. ACCORDING TO A HIGHLY RELIABLE LOCAL SOURCE, THE INITIATIVE FOR THESE AGREEMENTS AND VISITS HAS COME FROM THE SOVIETS. WE BELIEVE THAT THE INCREASE IN SOVIET COMMERCIAL ACTIVITY IN MALTA, IN ADDITION TO BEING AN ATTEMPT TO ENHANCE ITS INFLUENCE HERE, MAY BE AIMED AT PERSUADING PRIME MINISTER MINTOFF TO ALLOW THE USSR TO OPEN AN EMBASSY IN MALTA. MINTOFF HAS MAINTAINED THAT "SERIOUS ECONOMIC RELATIONS" BETWEEN MALTA AND THE SOVIET UNION WERE A PRECONDITION TO THE ESTABLISHMENT OF A RESIDENT SOVIET EMBASSY. END SUMMARY

2. RELIABLE LOCAL SOURCES HAVE PROVIDED THE FOLLOWING INFORMATION ON RECENT SOVIET COMMERCIAL INTEREST IN MALTA. EFFORTS BY THE SOVIET UNION TO RESUME USE OF MALTA AS A CONTAINER CARGO TRANSSHIPMENT POINT BEGAN SHORTLY AFTER THE GOM (AT THE URGING OF SEA MALTA) ORDERED THE SOVIET RINELA CONTAINER LINES AND BLACK SEA STEAMSHIP COMPANY TO SUSPEND THEIR SERVICE TO MALTA IN EARLY APRIL (SEE REF A). SOME THREE WEEKS AFTER SUSPENSION OF THE SERVICE, A TWO-MAN SOVIET DELEGATION - DR. IGOR M. AVERIN, HEAD OF THE FOREIGN RELATIONS DIVISION OF THE SOVIET MINISTRY OF MERCANTILE MARINE AND MR. G.A. MASLOV, PRESIDENT OF SOVINFLLOT - VISITED MALTA FOR "TALKS ON COOPERATION" WITH SEA MALTA. THESE OFFICIALS MET WITH MINTOFF DURING THEIR VISIT AND DURING TALKS WITH SEA MALTA OFFICIALS, WERE TOLD THAT USE OF MALTA AS A TRANS-CONFIDENTIAL

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SHIPMENT POINT COULD BE RESUMED PROVIDED THAT THE TWO SOVIET SHIPPING LINES (A) MAKE GREATER EFFORTS TO CARRY MALTESE IMPORTS AND EXPORTS, (B) NOT USE MALTA SOLELY AS A TRANSSHIPMENT POINT, (C) AVOID TAKING BUSINESS AWAY FROM SEA MALTA AND (D) GIVE SEA MALTA FIRST CHANCE AT TRANSPORTING CARGO CARRIED BY THESE SOVIET LINES AS FAR AS MALTA ON TO THOSE FINAL DESTINATIONS SERVED BY SEA MALTA EVEN THOUGH THE SOVIET LINES HAVE SERVICE TO THE SAME PORTS.

3. A TECHNICAL LEVEL SOVIET SHIPPING DELEGATION IS EXPECTED TO VISIT MALTA ON JUNE 5 TO DISCUSS THE DETAILS OF THIS TENTATIVE AGREEMENT. SERVICE BY THE TWO SOVIET CARGO LINES HAS ALREADY RESUMED ON A TEMPORARY BASIS AND FORMAL RESUMPTION OF THE SERVICE SHOULD BE POSSIBLE SOMETIME IN JUNE, PROVIDED AGREEMENT ON THE MALTESE CONDITIONS CAN BE WORKED OUT.

4. A TWO-MAN DELEGATION FROM AEROFLOT VISITED MALTA FOR FIVE DAYS BEGINNING MAY 16 AND SIGNED AN AIR SERVICE AGREEMENT WITH THE GOM ON MAY 19. THE DELEGATION WAS COMPRISED OF MR. VALENTIN DIMITRIEVICH KHRABROV, DEPUTY

HEAD OF THE FOREIGN RELATIONS DIRECTORATE AT THE SOVIET
MINISTRY OF CIVIL AVIATION, AND MR. VLADIMIR ZUBKHROZ,
HEAD OF THE COMMERCIAL DEPARTMENT OF THE CENTRAL
DIRECTORATE OF INTERNATIONAL AIR TRANSPORT WITH AEROFLOT.
THE AGREEMENT WITH AEROFLOT WHICH WAS SIGNED FOR MALTA
BY ALBERT MIZZI, THE CHAIRMAN OF AIR MALTA, PROVIDES FOR
THE START OF MALTA/MOSCOW AIR SERVICE IN NOVEMBER, 1978.
THIS SERVICE WILL BE USED MOSTLY TO BRING RUSSIAN
TOURISTS TO MALTA. THE SOVIET REPRESENTATIVES STATED
THAT 2,000-3,000 TOURISTS WOULD COME TO MALTA DURING THE
WINTER SEASON. REPRESENTATIVES OF TWO RUSSIAN TOUR
ORGANIZATIONS (SPUTNIK AND INTOURIST) ARE EXPECTED TO
VISIT MALTA SHORTLY TO DECIDE ON WHICH LOCAL TOURIST
FACILITIES TO USE FOR THEIR TOURISTS. IN ADDITION, THE
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R 251113Z MAY 78
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AMEMBASSY MOSCOW
AMEMBASSY ROME
USMISSION USNATO
USDOCOSOUTH NAPLES IT
USCINCEUR VAIHINGEN GE
CINCUSNAVEUR LONDON ENG
CINCUSAFE LINDSEY AS GER
DIA WASHDC
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C O N F I D E N T I A L SECTION 02 OF 02 VALLETTA 01436

AEROFLOT DELEGATION DISCUSSED TECHNICAL COOPERATION IN AIRCRAFT MAINTENANCE AND VARIOUS KINDS OF TRAINING AS WELL AS POSSIBLE SUPPLY OF JET FUEL. FURTHER DISCUSSIONS ON THESE MATTERS MAY BE HELD IN THE FUTURE.

5. FINALLY, A SEVEN-MAN SOVIET COMMERCIAL DELEGATION LED BY A MINISTER WILL VISIT MALTA BEGINNING MAY 31. ALTHOUGH NO DETAILS OF THE TRIP HAVE YET BEEN ANNOUNCED, THE DELEGATION WILL CALL ON MINTOFF AND HOLD DISCUSSIONS WITH MALTESE TRADE MINISTER HOLLAND AND OTHER TRADE OFFICIALS.

6. COMMENT: A WELL-INFORMED LOCAL OBSERVER HAS ADVISED US THAT THE INITIATIVE FOR THIS INCREASE IN COMMERCIAL
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EXCHANGES HAS COME FROM THE SOVIETS AND THAT THEY APPEAR TO WANT TO BE AS ACCOMMODATING AS POSSIBLE IN MEETING MALTESE DESIRES. HE BELIEVES THAT MINTOFF'S SPEECH IN PEKING BERATING THE RUSSIANS FOR THEIR FAILURE TO SHOW A "SERIOUS ATTITUDE" ON TRADE AND ECONOMIC COOPERATION AND THE GOM'S RECENT TOUGH STAND ON SOVIET USE OF MALTA AS A TRANSSHIPMENT BASE HAS CAUSED THE SOVIETS TO REASSESS THEIR COMMERCIAL RELATIONS WITH MALTA. HE ALSO RECOGNIZES, HOWEVER, THAT THE UPCOMING TERMINATION OF THE NATO BASE ARRANGEMENT HAS PROBABLY CONTRIBUTED TO HEIGHTEN RUSSIAN INTEREST IN MALTA, ALTHOUGH HE CONTENTS THAT AT LEAST THE TRANSSHIPMENT PART OF MALTESE/RUSSIAN COMMERCIAL RELATIONS MAKES ECONOMIC SENSE FOR THE SOVIET UNION.

7. WHETHER AT RUSSIAN INSISTENCE OR NOT, THE TIMING OF THIS INCREASE IN RUSSIAN/MALTESE COMMERCIAL ACTIVITY SERVES MINTOFF WELL. HE UNDOUBTEDLY SEES IT AS A USEFUL REMINDER TO ONE AND ALL (I.E. BOTH THE LIBYANS AND THE WEST) THAT HE CAN DO BUSINESS WITH THE RUSSIANS IF HE WANTS TO. HE MAY EVEN BE LAYING THE GROUNDWORK FOR PERMITTING THE SOVIETS TO OPEN A RESIDENT EMBASSY, SOMETHING IN THE PAST HE HAS CONSISTENTLY MADE CONTINGENT ON "SERIOUS ECONOMIC RELATIONS". HOW FAR HE, AND THE RUSSIANS (HERE WE DEFER TO EMBASSY MOSCOW), ARE PREPARED TO GO TO IMPROVE THEIR RELATIONS REMAINS TO BE SEEN BUT WE WOULD NOT BE SURPRISED TO SEE A CONTINUING INCREASE IN SOVIET COMMERCIAL ACTIVITY IN MALTA AND POSSIBLY A RESIDENT TRADE MISSION OR EMBASSY BEFORE THE END OF THE YEAR. LAINGEN

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